

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

MARIA ALICIA CORDON,

Plaintiff,

VS.

WACHOVIA MORTGAGE, A DIVISION
OF WELLS FARGO BANK, N.A.,
FORMERLY KNOWN AS WORLD
SAVINGS BANK FSBM AND GOLDEN
STATE FINANCING.

Defendants.

Case No: C 09-5333 SBA

**ORDER GRANTING IN PART
AND DENYING IN PART
DEFENDANTS' MOTION TO
DISMISS AND DENYING
DEFENDANTS' MOTION TO
STRIKE PORTION OF THE FIRST
AMENDED COMPLAINT**

Docket 32, 33

Plaintiff Maria Alicia Cordon brings the instant action against Wachovia Mortgage (“Wachovia”), claiming that its predecessor, World Savings Bank FSB (“World Savings”), and mortgage broker Golden State Financing (“GSF”) defrauded her in connection with the refinancing of her home mortgage. The parties are presently before the Court on Wachovia’s Motion to Dismiss and Motion to Strike Portions of Plaintiff’s First Amended Complaint (“FAC”). Dkt. 32, 33.¹ For the reasons stated below, the motion to dismiss is GRANTED IN PART and DENIED IN PART and the motion to strike is DENIED. The Court, in its discretion, finds this matter suitable for resolution without oral argument. See Fed. R. Civ. P. 78(b); N.D. Cal. Civ. L.R. 7-1(b).

¹ Wachovia is alleged to be a division of Wells Fargo Bank, which also is named as a Defendant. FAC ¶ 2. References to Wachovia in this Order shall be deemed to include Wells Fargo Bank.

1 **I. BACKGROUND**2 **A. FACTUAL SUMMARY**

3 Plaintiff, the owner of property located at 2741-14th St., San Pablo, California (“the
 4 Property”), alleges that she was the victim of a fraudulent mortgage refinancing scheme
 5 orchestrated by World Savings. FAC ¶¶ 1, 20. According to Plaintiff, GSF personnel were
 6 trained by World Savings to target elderly and non-English speaking individuals to place
 7 them into high interest, negative amortization loans that could be “dumped” in the
 8 secondary mortgage market. Id. ¶ 19. The existence of such practices allegedly was
 9 corroborated by Paul Bishop, a former World Savings executive, during an interview with
 10 60 Minutes. Id. ¶ 19. Consistent with World Savings’ purported predatory loan practices,
 11 GSF agents completed a loan application on Plaintiff’s behalf. Id. ¶ 10. Unbeknownst to
 12 Plaintiff, GSF misrepresented her employment and income so that she would qualify for the
 13 loan. Id. ¶¶ 8, 10. At GSF’s direction, Plaintiff signed the loan documents, which were not
 14 explained to her. Id. ¶¶ 9-10. Though GSF only communicated to Plaintiff in Spanish, it
 15 did not provide her with any Spanish-translated documents nor did it advise her of her right
 16 to obtain such translations. Id. ¶ 8.

17 On or about August 31, 2006, Plaintiff obtained an adjustable rate mortgage from
 18 World Savings in the sum of \$455,000, which was secured by a Deed of Trust on the
 19 Property. Def.’s Request for Judicial Notice (“RJN”), Ex. F, Dkt. 34. Instead of receiving
 20 a “better loan” as promised, Plaintiff was placed into a negative amortization loan
 21 containing an interest cap of almost 12 percent. Id. ¶ 20. On a date not specified in the
 22 pleadings, Wachovia, as the successor to World Savings, accused Plaintiff of defaulting on
 23 her mortgage payments, though she denies that was the case. Id. ¶ 12. Plaintiff was able to
 24 avoid foreclosure, however, by entering into a loan modification agreement with Wachovia
 25 on or about August 29, 2009. Id. Plaintiff alleges that the modification “did not fully
 26 compensate [her] for any of the damage she incurred between her application and the date
 27 of her loan modification.” Id. ¶ 15. As a result, Plaintiff filed the instant action against
 28 Wachovia in state court on August 31, 2009. Notice of Removal, Dkt. 1. On November

1 12, 2009, Wachovia removed the action on the grounds that the Court has original
2 jurisdiction over Plaintiff's Truth in Lending Act ("TILA") and the Real Estate Settlement
3 Procedures Act ("RESPA") claims.

4 On April 9, 2010, Plaintiff filed a FAC, in which she eliminated her TILA and
5 RESPA claims. The FAC now alleges three state law causes of action for: (1) fraud;
6 (2) unfair business practices under the UCL²; and (3) an accounting. Dkt. 31. The UCL
7 claim consists of three subparts. The first subpart is based on the wrongful refusal to
8 rescind under TILA, while the second subpart alleges wrongful credit reporting under
9 RESPA and/or TILA. Both of these UCL claims are alleged against Wachovia. The third
10 UCL claim alleges that GSF failed to provide a Spanish translation of the loan documents,
11 as required by California Civil Code § 1632.

12 Wachovia has now filed a motion to dismiss the FAC in which it contends that each
13 of Plaintiff's claims is preempted by the Homeowners' Loan Act of 1933 ("HOLA"), or
14 alternatively, that each claim is deficiently pled. In addition, Wachovia filed a separate
15 motion to strike certain of Plaintiff's allegations. In her opposition, Plaintiff argues that the
16 Court should remand the action because she has dismissed her TILA and RESPA claims.
17 Plaintiff also denies that her causes of action are preempted by HOLA and argues that she
18 otherwise has alleged plausible claims. Subsequent to the close of briefing, the Court
19 issued an Order to Show Cause Re: Remand, in which it directed Wachovia to show cause
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27 ² Plaintiff's second cause of action is entitled Unfair Business Practices. Although
28 the allegations comprising this case provide no statutory references, it undoubtedly is based
on California Business & Professions Code § 17200, better known as California's Unfair
Competition Law ("UCL").

1 why the instant action should not be remanded. Wachovia submitted a memorandum in
 2 response to the Order to Show Cause.³

3 **II. LEGAL STANDARD**

4 Under Federal Rule of Civil Procedure 12(b)(6) a district court must dismiss a
 5 complaint if it fails to state a claim upon which relief may be granted. To survive a motion
 6 to dismiss for failure to state a claim, the plaintiff must allege “enough facts to state a claim
 7 to relief that is plausible on its face.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570
 8 (2007). When considering a motion to dismiss under Rule 12(b)(6), a court must take the
 9 allegations as true and construe them in the light most favorable to plaintiff. In deciding a
 10 Rule 12(b)(6) motion, the court “may generally consider only allegations contained in the
 11 pleadings, exhibits attached to the complaint, and matters properly subject to judicial
 12 notice[.]” Williston Basin Interstate Pipeline Co. v. An Exclusive Gas Storage Leasehold
 13 and Easement in the Cloverly Subterranean, Geological Formation, 524 F.3d 1090,
 14 1096 (9th Cir. 2008). The court is to “accept all factual allegations in the complaint as true
 15 and construe the pleadings in the light most favorable to the nonmoving party.” Outdoor
 16 Media Group, Inc. v. City of Beaumont, 506 F.3d 895, 899-900 (9th Cir. 2007). If the
 17 complaint is dismissed, plaintiff generally should be afforded leave to amend unless it is
 18 clear the complaint cannot be saved by amendment. Sparling v. Daou, 411 F.3d 1006, 1013
 19 (9th Cir. 2005).

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24 ³ Plaintiff has not served GSF, which she believes was suspended or dissolved in
 25 2004. See Joint Case Mgmt. Stmt. at 1, Dkt. 38. Under Federal Rule of Civil Procedure
 26 4(m), “[i]f service of the summons and complaint is not made on a defendant within 120
 27 days after the filing of the complaint, the court, upon motion or on its own initiative after
 28 notice to the plaintiff, shall dismiss the action without prejudice as to that defendant or
 direct that service be effected within a specified time....” The 120 day deadline to serve
 GSF has long since passed. Thus, within fourteen days of this Order, Plaintiff shall effect
 service on GSF and file a Certificate of Service with the Court. Should Plaintiff fail to do
 so, GSF will be dismissed from the action without prejudice.

1 **III. DISCUSSION**

2 **A. SUBJECT MATTER JURISDICTION**

3 Before deciding any issue on the merits, a district court has an independent
4 obligation to examine its subject matter jurisdiction. Valdez v. Allstate Ins. Co., 372 F.3d
5 1115, 1116 (9th Cir. 2004). “The district courts shall have original jurisdiction of all civil
6 actions arising under the Constitution, laws, or treaties of the United States.” 28 U.S.C.
7 § 1331. The “arising under” qualification of § 1331 confers district courts with jurisdiction
8 to hear “[o]nly those cases in which a well-pleaded complaint establishes either that
9 [1] federal law creates the cause of action or that [2] the plaintiff’s right to relief necessarily
10 depends on resolution of a substantial question of federal law.” Armstrong v. N. Mariana
11 Islands, 576 F.3d 950, 954-55 (9th Cir. 2009) (internal quotations omitted). In other words,
12 the federal law must be a “necessary element” of the state law claim. Id.

13 In its response to the Order to Show Cause, Wachovia argues that Plaintiff’s Unfair
14 Business Practices cause of action should not be construed as a § 17200 claim under the
15 UCL because the FAC does not make specific reference to the statute. Def.’s Response to
16 OSC at 3, Dkt. 41. This argument is somewhat dubious given that in its motion to dismiss,
17 Wachovia specifically argues that Plaintiff “fails to state a claim under Cal. Bus. & Prof.
18 Code § 17200.” Def.’s Mot. at 12. In any event, the Court agrees that Plaintiff’s causes of
19 action under the UCL are sufficient for purposes of establishing jurisdiction under § 1331.
20 Plaintiff’s claim that Wachovia wrongfully refused to rescind her loan is dependent on
21 whether Wachovia violated TILA. Likewise, Plaintiff’s companion claim that Wachovia
22 wrongfully reported her to credit agencies relies on a finding that Wachovia violated
23 RESPA and/or TILA. Because the success or failure of Plaintiff’s UCL claims is
24 contingent upon violations of federal law, the Court finds that subject matter jurisdiction is
25 present with respect to the FAC. The Court now turns to Wachovia’s motion to dismiss.

26 **B. FIRST CAUSE OF ACTION FOR FRAUD**

27 ““The elements of fraud, which give rise to the tort action for deceit, are
28 (a) misrepresentation (false representation, concealment, or nondisclosure); (b) knowledge

1 of falsity (or “scienter”); (c) intent to defraud, i.e., to induce reliance; (d) justifiable
 2 reliance; and (e) resulting damage.”” See Lazar v. Superior Court, 12 Cal.4th 631, 638
 3 (1996) (citations omitted). In her first cause of action for fraud, Plaintiff alleges that World
 4 Savings: (1) trained WSB’s agents to “push its loans” and to “amend [loan] applications to
 5 comply with the underwriting standards demanded by the secondary mortgage market,
 6 where they immediately dumped the ‘toxic waste’ loans they originated”; and (2) failed to
 7 disclose the negative amortization component of Plaintiff’s loan in order to “induce [her] to
 8 take the loan, which was consistent with [World Savings and GSF’s] claims that it was a
 9 ‘better loan than she had.’”” See FAC ¶¶ 19-24.

10 Wachovia contends that Plaintiff’s fraud claim is preempted by HOLA.⁴ HOLA was
 11 enacted in 1933 to govern the activities of federal savings associations. See Silvas v.
 12 E*Trade Mortgage Corp., 514 F.3d 1001, 1004 (9th Cir. 2008). “HOLA created what is
 13 now the OTS [Office of Thrift Supervision] for the purpose of administering the statute,
 14 and it provided the OTS with ‘plenary authority’ to promulgate regulations involving the
 15 operation of federal savings associations.” State Farm Bank v. Reardon, 539 F.3d 336, 342
 16 (6th Cir. 2008). Pursuant to this authority, the OTS issued 12 C.F.R. § 560.2, which
 17 provides:

18 (a) Occupation of field. Pursuant to sections 4(a) and 5(a) of
 19 the HOLA, 12 U.S.C. 1463(a), 1464(a), OTS hereby occupies
 20 the entire field of lending regulation for federal savings
 21 associations. OTS intends to give federal savings associations
 22 maximum flexibility to exercise their lending powers in
 23 accordance with a uniform federal scheme of regulation.
 24 Accordingly, federal savings associations may extend credit as
 25 authorized under federal law, including this part, without regard
 26 to state laws purporting to regulate or otherwise affect their
 27 credit activities

28 Id. § 560.2(a). The effect of this express preemption clause is to virtually occupy the entire
 29 field of lending-related activities of qualifying lending associations, thus leaving no room

4 Wachovia also contends that Plaintiff has failed to allege her fraud claim with particularity under Rule 9(b). However, given the Court’s conclusion that Plaintiff’s claim is preempted by HOLA, the issue of whether Plaintiff’s fraud claim is sufficiently pled is moot.

1 for conflicting state laws. Fidelity, 458 U.S. at 152-154; Silvas, 514 F.3d at 1007 n.3
 2 (citing Rice v. Santa Fe Elev. Corp., 331 U.S. 218, 230 (1947)).⁵

3 To clarify the scope of HOLA's preemption, section 560.2(b) sets forth a non-
 4 exhaustive list of illustrative examples of the types of state laws that are expressly
 5 preempted, including:

6 (4) *The terms of credit, including amortization of loans* and the
 7 deferral and capitalization of interest and adjustments to the
 8 interest rate, balance, payments due, or term to maturity of the
 9 loan, including the circumstances under which a loan may be
 called due and payable upon the passage of time or a specified
 event external to the loan;

10 ...

11 (9) *Disclosure and advertising*, including laws requiring
 12 specific statements, information, or other content to be included
 13 in credit application forms, credit solicitations, billing
 14 statements, credit contracts, or other credit-related documents
 and laws requiring creditors to supply copies of credit reports to
 borrowers or applicants;

15 (10) *Processing, origination, servicing, sale or purchase of, or*
 16 *investment or participation in, mortgages*;

17 12 C.F.R. § 560.2.

18 A claim or state statute may be preempted by HOLA on an "as applied" or case-
 19 specific basis. See Silva, 514 F.3d at 1006. To determine whether a claim is preempted,
 20 "the first step will be to determine whether the type of law in question is listed in paragraph
 21 (b)." Silvas, 514 F.3d at 1005. If so, the state law is preempted. Id. Even state laws of
 22 general applicability, such as tort, contract, and real property laws, are preempted if their
 23 enforcement would impact federal savings associations in areas listed in § 560.2(b). Id. at
 24 1006; 12 C.F.R. § 560.2(c). Alternatively, even if such laws are not covered by § 560.2(b),
 25 they may nonetheless be preempted if they have more than an incidental effect on the
 26 lending operations of a federal savings association. 12 C.F.R. §§ 560.2(c).

27 ⁵ Plaintiff does not dispute Wachovia's contention that at the time of Plaintiff's loan
 28 origination, World Savings, which in 2007 became known as Wachovia, was a federal
 savings bank regulated by the OTS. See Def.'s RJN Ex. A-D.

1 Here, Plaintiff's fraud allegations, which concern the loan origination process and
 2 World Savings' disclosure obligations, are encompassed by the § 560.2(b)(4), which
 3 preempts claims based on the "terms of credit, including amortization of loans";
 4 § 560.2(b)(9), which applies to "disclosure and advertising"; and § 560.2(b)(10), which
 5 applies to "origination ... of ... mortgages." See Appling v. Wachovia Mortg., FSB, --- F.
 6 Supp. 2d ---, 2010 WL 3743770, at *7 (N.D. Cal. Sept. 17, 2010) (finding that negligent
 7 misrepresentation claim based on failure to disclose negative amortization provision and
 8 failure to provide the borrower with the loan documentation in advance or the opportunity
 9 to review the documents was preempted by § 560.2(b)(9)); Bassett v. Ruggles, No. CV-F-
 10 09-528 OWW/SMS, 2010 WL 1525554 at *21 (E.D. Cal., April 15, 2010) (claim that
 11 mortgagees by they "were tricked into signing documents for a loan that was
 12 misrepresented to them and was above par" preempted by HOLA) (citing 12 C.F.R.
 13 § 560.2(b)(4) and (10)). Thus, the Court finds that as pled, Plaintiff's fraud claim is
 14 preempted by HOLA.

15 **C. SECOND CAUSE OF ACTION FOR UNFAIR BUSINESS PRACTICES**

16 **1. Overview**

17 The UCL makes actionable any "unlawful, unfair or fraudulent business act or
 18 practice." Cal. Bus. & Prof. Code § 17200. "Each prong of the UCL is a separate and
 19 distinct theory of liability." Birdsong v. Apple, Inc., 590 F.3d 955, 959 (9th Cir. 2009).
 20 "[A]n action based on [the UCL] to redress an unlawful business practice 'borrows'
 21 violations of other laws and treats these violations . . . as unlawful practices, independently
 22 actionable under section 17200 et seq. and subject to the distinct remedies provided
 23 thereunder." Farmers Ins. Exch. v. Super. Court, 2 Cal.4th 377, 383 (1992) (internal
 24 quotations and citations omitted); Chabner v. United Omaha Life Ins. Co., 225 F.3d 1042,
 25 1048 (9th Cir. 2000). The violation of almost any federal, state, or local law may serve as
 26 the basis for a UCL claim. Saunders v. Superior Court, 27 Cal.App.4th 832, 838-39 (1994).

27 As noted, Plaintiff's UCL claim is based on three independent statutory violations.
 28 FAC ¶¶ 28-48. Specifically, the FAC alleges that World Savings wrongfully rejected her

1 request for rescission under TILA and improperly reported derogatory credit information in
 2 violation of RESPA and/or TILA. See FAC ¶¶ 30-31, 38-39. The third alleged violation is
 3 directed at GSF, which allegedly failed to translate her loan documents into Spanish, as
 4 required by California Civil Code § 1632. See id. ¶ 41. Since the instant motion is brought
 5 by Wachovia, the Court addresses only the first two alleged violations.

6 **2. TILA**

7 The party seeking relief in a federal court action “bears the burden of showing that
 8 he has standing for each type of relief sought.” Summers v. Earth Island Inst., --- U.S. ---,
 9 129 S.Ct. 1142, 1149 (2009). The doctrine of standing has both constitutional and
 10 prudential (i.e., non-constitutional) components. See Nuclear Info. & Res. Serv. v. Nuclear
 11 Regulatory Comm’n, 457 F.3d 941, 950 (9th Cir. 2006). Constitutional standing pertains to
 12 Article III’s case or controversy requirement. Friends of the Earth, Inc. v. Laidlaw Envtl.
 13 Sys. (TOC), Inc., 528 U.S. 167, 180-81 (2000) (citing Lujan v. Defenders of Wildlife, 504
 14 U.S. 555, 560-61 (1992)). Prudential standing considers whether “a particular plaintiff has
 15 been granted a right to sue by the statute under which he or she brings suit.” City of
 16 Sausalito v. O’Neill, 386 F.3d 1186, 1199 (9th Cir. 2004). The issue now before the Court
 17 pertains to Plaintiff’s prudential standing under the UCL.

18 “Historically, the UCL authorized any person acting for the interests of the general
 19 public to sue for relief notwithstanding any lack of injury or damages.” Durell v. Sharp
 20 Healthcare, 183 Cal.App.4th 1350, 1359 (2010); see also Californians for Disability Rights
 21 v. Mervyn’s, LLC, 39 Cal.4th 223, 227 (2006). In 2004, however, California voters passed
 22 Proposition 64, which significantly limited private standing under the UCL. In re Tobacco
 23 II Cases, 46 Cal.4th 298, 316 (2009). “After Proposition 64, ... a private person has
 24 standing to sue only if he or she ‘has suffered [an] injury in fact and has lost money or
 25 property as a result of such unfair competition.’” Californians for Disability Rights, 39
 26 Cal.4th at 227 (quoting Cal. Bus. & Prof.Code § 17204). “To satisfy the narrower standing
 27 requirements imposed by Proposition 64, a party must now (1) establish a loss or
 28 deprivation of money or property sufficient to qualify as injury in fact, i.e., economic

1 injury, and (2) show that that economic injury was the result of, i.e., caused by, the unfair
 2 business practice or false advertising that is the gravamen of the claim.” Kwikset Corp. v.
 3 Superior Court, -- Cal.4th --, 2011 WL 240278, at *5 (Jan. 27, 2011).

4 Wachovia argues that Plaintiff lacks standing because she has not alleged that she
 5 lost any money or property as a result of its allegedly unfair business practices. Def.’s Mot.
 6 at 14. This contention is partially correct. With respect to her TILA rescission claim,
 7 Plaintiff alleges that she has been “actually damaged in that [she] was forced to incur *fees*
 8 and *costs in bringing this action* and experienced *negatively amortized balance* prior to
 9 plaintiff’s loan modification....” FAC ¶ 36 (emphasis added). Plaintiff fails to cite any
 10 authority establishing that attorney’s fees incurred in bringing a UCL claim are sufficient to
 11 confer standing under § 17204. Under Plaintiff’s reasoning, a private plaintiff bringing a
 12 UCL claim automatically would have standing merely by filing suit. Plaintiff’s ancillary
 13 allegation that she was damaged by experiencing a negative amortization likewise fails to
 14 show that Plaintiff suffered any loss of money or property resulting from Wachovia’s
 15 conduct. Indeed, Plaintiff appears to acknowledge that the loan modification ameliorated
 16 whatever ill effects of the negative amortization she might have experienced. Based on the
 17 above, the Court finds that Plaintiff has failed to allege facts sufficient to establish standing
 18 under the UCL based on her claim that Wachovia wrongfully failed to rescind her original
 19 loan.

20 Next, Wachovia contends that even if Plaintiff has standing under the UCL, her
 21 TILA-based claim, as alleged, is preempted by HOLA. As discussed, Plaintiff alleges that
 22 she was entitled to rescind her original mortgage on the grounds that her TILA disclosure
 23 statement incorrectly disclosed her finance charge, and that she has never been provided
 24 with “correct” TILA disclosure statement. See FAC ¶¶ 34-35. Because the alleged TILA
 25 violation is based on allegedly inadequate disclosures at the time of the loan origination, it
 26 falls within the purview of § 560.2(b)(9) and (b)(10). See Appling, 2010 WL 3743770, at
 27 *8 (“To the extent that the UCL claim is predicated on violations of TILA and FCRA, it is
 28 based on allegations that Defendants failed to disclose credit-related information and

1 therefore falls into the category of preempted state laws listed in § 560.2(b)(9)."); Newsom
 2 v. Countrywide Home Loans, Inc., 714 F. Supp. 2d 1000, 1006-08 (N.D. Cal. 2010)
 3 (finding that HOLA preempted claim alleging that defendant failed to provide disclosures
 4 required by TILA, and misrepresented interest rates and fees).

5 **3. Wrongful Credit Reporting**

6 As noted, Plaintiff's second UCL claim against Wachovia is for wrongful reporting
 7 to credit bureaus. The Court disagrees with Wachovia's assertion that Plaintiff lacks
 8 standing with respect to her second UCL claim for wrongful credit reporting. In particular,
 9 Wachovia ignores Plaintiff's allegations that she "incurred higher interest rates and
 10 payments as a result of Defendants [sic] wrongful credit reporting." FAC ¶ 39. The Court
 11 finds that this allegation is sufficient to establish standing at this stage of the litigation. See
 12 Brewer v. Indymac Bank, 609 F. Supp. 2d 1104, 1123 (E.D. Cal. 2009) (finding allegations
 13 that plaintiffs' were compelled to pay a higher interest rate on their loans as a result of
 14 defendants actions sufficient to establish standing under the UCL).

15 As an alternative matter, Wachovia argues that the alleged RESPA violation is
 16 preempted by HOLA. RESPA imposes certain disclosure obligations on loan servicers
 17 who transfer or assume the servicing of a federally related mortgage loan. 12 U.S.C.
 18 § 2605(b). Under section 2605(e), a loan servicer "who receives a qualified written request
 19 [or QWR] from the borrower (or an agent of the borrower) for information relating to the
 20 servicing of such loan" is required to provide the borrower with a written acknowledgment
 21 of receipt within twenty days. Id. § 2605(e)(1)(A). During the sixty day period following
 22 the loan servicer's receipt of a QWR, the servicer is barred from reporting any overdue
 23 payments to any credit agency. 12 U.S.C. § 2605(e)(3).

24 Plaintiff alleges that despite never resolving her QWR, Wachovia reported her to the
 25 credit bureaus as being delinquent. FAC ¶ 37. Plaintiff similarly alleges that Wachovia
 26 should not have reported any delinquencies, given that she had sought rescission under
 27 TILA. Id. ¶ 38. In its motion, Wachovia summarily asserts that Plaintiff's wrongful credit
 28 reporting claim relates to loan servicing, and therefore, is preempted by § 560.2(b)(10).

1 Def.'s Mot. at 5. However, Wachovia fails to provide any legal analysis or cite any
 2 decisional authority to support its argument. It is not the role of the Court to make parties'
 3 arguments for them. See *Indep. Towers of Wash. v. Wash.*, 350 F.3d 925, 929 (9th Cir.
 4 2003) ("Our adversarial system relies on the advocates to inform the discussion and raise
 5 the issues to the court."). Therefore, the Court declines to find, at this juncture, that
 6 Plaintiff's second cause of action is preempted by HOLA, insofar as it is premised on
 7 wrongful credit reporting.⁶

8 **D. THIRD CAUSE OF ACTION FOR AN ACCOUNTING**

9 "A cause of action for an accounting requires a showing that a relationship exists
 10 between the plaintiff and defendant that requires an accounting, and that some balance is
 11 due the plaintiff that can only be ascertained by an accounting." Teselle v. McLoughlin,
 12 173 Cal.App.4th 156, 179 (2009). In her third cause of action, Plaintiff alleges that "[t]he
 13 amount of money [she] may owe WACHOVIA or other defendants is unknown to [her] and
 14 cannot be determined without an accounting." FAC ¶ 50. As pled, this claim is preempted
 15 by § 560.2(b)(4), which governs the "terms of credit," including the "balance [and]
 16 payments due...." 12 C.F.R. § 560.2(b)(4). Plaintiff's accounting claim is therefore
 17 dismissed.

18 **E. MOTION TO STRIKE**

19 Under Rule 12(f), the Court has discretion to strike "an insufficient defense or any
 20 redundant, immaterial, impertinent, or scandalous matter." The purpose of a motion to
 21 strike is to "avoid the expenditure of time and money that must arise from litigating
 22 spurious issues by dispensing with those issues prior to trial." Sidney-Vinstein v. A.H.

23 ⁶ For the parties' benefit, the Court notes that Plaintiff has failed to allege sufficient
 24 facts to establish a violation of RESPA. Plaintiff alleges no facts regarding the
 25 circumstance surrounding her alleged QWR, such as when it was sent and what issues it
 26 raised. In addition, it is unclear what authority supports Plaintiff's wrongful credit
 27 reporting claim insofar as it is based on TILA. However, since Defendants did not make
 28 this argument in their motion, the Court declines to do so sua sponte. See *Karamanos v.
 Egger*, 882 F.2d 447, 452 n. 2 (9th Cir. 1989) (noting that a court may not sua sponte
 dismiss a claim without affording the plaintiff an opportunity to respond).

1 Robins Co., 697 F.2d 880, 885 (9th Cir. 1983). “Immaterial matter is that which has no
 2 essential or important relationship to the claim for relief or the defenses being plead.”
 3 Whittlestone, Inc. v. Handi-Craft Co., 618 F.3d 970, 974 (9th Cir. 2010) (internal
 4 quotations and citation omitted). “Impertinent matter consists of statements that do not
 5 pertain, and are not necessary, to the issues in question.” Id. (internal quotations and
 6 citations omitted).

7 Wachovia moves to strike Plaintiff’s claims for emotional distress and punitive
 8 damages and for declaratory relief on the ground that such relief is legally unavailable. The
 9 Ninth Circuit has held that Rule 12(f) cannot be utilized in that manner. Whittlestone, 618
 10 F.3d at 971 (“We therefore hold that Rule 12(f) does not authorize district courts to strike
 11 claims for damages on the ground that such claims are precluded as a matter of law.”).
 12 The Court also rejects Wachovia’s request to strike allegations regarding a 60 Minutes
 13 episode in which a former World Savings executive, Paul Bishop, was interviewed
 14 regarding World Saving’s allegedly fraudulent loan practices. See FAC ¶ 19. This
 15 allegation relates to Plaintiff’s contention that World Savings was responsible for GSF’s
 16 submission of a falsified loan application in order to place her in a loan which allowed for
 17 negative amortization. See id. ¶ 20. Accordingly, Wachovia’s motion to strike is
 18 DENIED.

19 **IV. CONCLUSION**

20 For the reasons stated above,

21 IT IS HEREBY ORDERED THAT:

22 1. Wachovia’s motion to dismiss (Dkt. 32) is GRANTED IN PART and
 23 DENIED IN PART. The motion is GRANTED as to Plaintiff’s claims for fraud, violation
 24 of the UCL based on rescission under TILA, and for an accounting. The motion is
 25 DENIED with respect to Plaintiff’s UCL claim to the extent that it is based on wrongful
 26 credit reporting. Plaintiff is granted leave to amend to the extent that she, in good faith, and
 27 consistent with Federal Rule of Civil Procedure 11, can allege claims that are not
 28 preempted by HOLA and that otherwise cure the deficiencies discussed above. Plaintiff

1 shall have twenty (20) days from the date this Order is filed to file a Second Amended
2 Complaint. In the event Plaintiff fails to timely amend her pleadings, all claims alleged
3 against Wachovia and Wells Fargo, except for the second cause of action for wrongful
4 credit reporting under the UCL, will be deemed dismissed with prejudice.

5 2. Wachovia's motion to strike (Dkt. 33) is DENIED.

6 3. Within fourteen (14) days of this Order, Plaintiff shall effect service on GSF
7 and file a Certificate of Service with the Court. Alternatively, Plaintiff may file a
8 stipulation (or request, if no stipulation can be obtained) to dismiss GSF from the action,
9 without prejudice.

10 4. Absent prior leave of Court, any additional motions and oppositions thereto
11 shall be limited to fifteen (15) pages and replies are limited to ten (10) pages.

12 5. If the parties have not already done so, they shall conduct their Rule 26(f)
13 conference within twenty days of the date this Order is filed, and may thereafter commence
14 discovery.

15 6. The parties shall appear for a telephonic Case Management Conference on
16 May 25, 2011 at 3:00 p.m. The parties shall meet and confer prior to the conference and
17 shall prepare a joint Case Management Conference Statement which shall be filed no later
18 than ten (10) days prior to the Case Management Conference. The statement shall comply
19 with the Standing Order for All Judges of the Northern District of California and the
20 Standing Order of this Court. Plaintiff shall be responsible for filing the statement as well
21 as for arranging the conference call. All parties shall be on the line and shall call (510)
22 637-3559 at the above indicated date and time.

23 7. This Order terminates Docket 32 and 33.

24 IT IS SO ORDERED.

25 Dated: March 4, 2011



SAUNDRA BROWN ARMSTRONG
United States District Judge

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